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**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

11 UNITED STATES OF AMERICA,
12 Plaintiff,
13 v.
14 KING ISAAC UMOREN,
15 Defendant.

2:19-CR-064-APG-NJK

**United States of America's Motion for an
Interlocutory Order of Sale of the 2018
Honda Accord LX and Order**

(ECF No. 47)

16 The United States moves this Court to issue an Order for an Interlocutory Sale of the
17 2018 Honda Accord LX held in the name of King Isaac Umoren (Umoren), VIN
18 1HGCV1F12JA012572 (2018 Honda) (property) listed in the Criminal Indictment (ECF
19 No. 1), authorizing the United States Marshals Service (USMS) to sell the property through
20 one of its approved methods.

The grounds for granting the Order for an Interlocutory Sale of the 2018 Honda are as follows. First, the 2018 Honda continues to deteriorate pending the trial of King Isaac Umoren. Second, the value of the 2018 Honda continues to depreciate. Third, the storage costs and other maintenance costs of the 2018 Honda will continue to accrue against its value. Fourth, the sooner the 2018 Honda is sold, the more net sale proceeds will exist. Fifth, this Court is authorized to approve interlocutory sales.

27 This Motion is made and is based on the papers and pleadings on file herein, and the
28 attached Memorandum of Points and Authorities.

MEMORANDUM OF POINTS AND AUTHORITIES

I. STATEMENT OF THE CASE

A. Procedural History

On March 20, 2019, the Grand Jury returned a 16-Count Criminal Indictment (Indictment) (ECF No. 1), charging King Isaac Umoren (Umoren) in Counts 1 through 6 with wire fraud in violation of 18 U.S.C. § 1343; in Counts 7 through 11 with aggravated identity theft in violation of 18 U.S.C. § 1028A(a)(1) with 1028A(c)(5) and 18 U.S.C. § 1343; and in Counts 12 through 16 with money laundering in violation of 18 U.S.C. § 1957 and alleging forfeiture pursuant to 18 U.S.C. § 981(a)(1)(A) with 28 U.S.C. § 2461(c); 18 U.S.C. § 981(a)(1)(C) with 28 U.S.C. § 2461(c); 18 U.S.C. § 982(a)(1); and 21 U.S.C. § 853(p).

The court scheduled the jury trial for May 20, 2019 (ECF No. 21). Umoren requested to continue the trial to have more time to review the case, and the court granted it, scheduling the jury trial for September 23, 2019 (ECF Nos. 22, 23). The government requested to continue the trial to allow for new defense counsel to review the case, and the court granted it, scheduling the jury trial on December 16, 2019 (ECF Nos. 25, 26). The government requested to continue the trial, and the court granted it, scheduling the jury trial for April 20, 2020 (ECF Nos. 36, 37).

B. Statement of Facts

Umoren was involved in a tax preparation business known as Universal Tax Services and Prudential Tax Solutions. From on or about May 1, 2016, through on or about May 1, 2018, Umoren devised, intended to devise, and participated in a material scheme and artifice to defraud and to obtain money and property from prospective buyers through false, fraudulent, and material pretenses, representations, promises, half-truths, and concealment (Ind. ECF No. 1, p. 1).

Umoren provided the buyer with fee deposit reports purporting to show UTS receiving deposits from a company, Refund Advantage, in approximate amounts of \$4,917,459.17 in 2016 and \$5,797,193.72 in 2017, when, in truth and in fact, Umoren knew

1 those fee deposit reports were fraudulent, as Refund Advantage had only deposited
2 approximate amounts of \$285,199.33 and \$169,575.57 into UTS accounts in 2016 and
3 2017, respectively (Ind., ECF No. 1, p. 2).

4 Umoren provided fraudulent bank statements to the prospective buyers, when, in
5 truth and in fact, he knew that the purported balances in those fraudulent bank statements
6 did not exist. For instance, Umoren provided Prospective Buyer #1 with a purported
7 statement from a Bank of America account ending 9722, which falsely stated that the
8 account balance was \$3,396,728.00 when, in truth and in fact, the account's balance was
9 only \$88.00. Likewise, in another instance, Umoren presented Buyer #1 with a forged
10 statement from the same bank account, which falsely purported that the account balance
11 was \$2,761,493.23 when, in truth and in fact, the account's balance was \$0.00 (Ind. ECF
12 No. 1, p. 3).

13 Umoren provided the buyer with his purported personal income tax returns for Tax
14 Years 2014 and 2015, which stated Umoren received millions of dollars in income from
15 UTS's business when, in truth and in fact, Umoren knew he had filed no personal income
16 tax returns with the Internal Revenue Service (IRS) in Tax Years 2014 and 2015, and did
17 not receive the income amounts purported in the fraudulent unfiled tax returns (Ind., ECF
18 No. 1, p. 3).

19 Umoren provided the buyer with numerous Forms 1099-MISC, which purported to
20 reflect UTS paying millions of dollars in income to independent contractors preparing tax
21 returns for UTS clients when, in truth and in fact, Umoren knew that none of the Forms
22 1099-MISC had actually been filed with the IRS and UTS had not paid millions of dollars
23 to independent contractors to prepare tax returns for its clients (Ind., ECF No. 1, p. 4).

24 Umoren provided client lists and a client database to the buyer, and purported that
25 the clients contained in the lists and database were UTS clients and that UTS's client base
26 therefore consisted of approximately 12,700 clients, when, in truth and in fact,
27 approximately 700-800 of the individuals were actually UTS clients, and Umoren had
28 stolen from unrelated companies most of the client information contained in the lists and

1 database, including those companies' client names, social security numbers, and
2 confidential taxpayer information (Ind., ECF No. 1, p. 4).

3 Umoren knowingly provided materially false financial statements, profit and loss
4 reports, statements of net worth, and miscellaneous financial documents to Prospective
5 Buyer #1 for purposes of falsely inflating UTS's value (Ind. ECF No. 1, p. 4).

6 **C. FBI took possession of the 2018 Honda.**

7 FBI took possession of the 2018 Honda on December 17, 2019 during the execution
8 of a civil search and seizure warrant for the property. The warrant was issued on December
9 13, 2019 and expired on December 26, 2019.

10 **D. The 2018 Honda continues to depreciate in value and the storage costs
11 continue to increase pending the trial of King Isaac Umoren.**

12 The FBI seized the property on December 17, 2019, and it has been in FBI custody
13 since then. At the time of seizure, the 2018 Honda value was \$17,700.00. The FBI will
14 transfer the 2018 Honda to the USMS during the week of January 6, 2020. The property
15 will begin to accrue storage fees at that time.

16 While the property is in storage, the expenses will continue to accrue against its
17 value pending Umoren's trial and the property will continue to depreciate in value.

18 **II. ARGUMENT**

19 This Court has authority to issue an Interlocutory Order of Sale. "At any time before
20 entry of a final forfeiture order, the court, in accordance with Supplemental Rule G(7) of the
21 Federal Rules of Civil Procedure, may order the interlocutory sale of property alleged to be
22 forfeitable." Fed. R. Crim. P. 32.2(b)(7).

23 On motion by a party or a person having custody of the property, the court may order
24 all or part of the property sold if: (A) the property is perishable or at risk of
25 deterioration, decay, or injury by being detained in custody pending the action; (B) the
expense of keeping the property is excessive or is disproportionate to its fair market
value; (C) the property is subject to a mortgage or to taxes on which the owner is in
default; or (D) the court finds other good cause.

27 Supplemental Rule G(7)(b) of the Supplemental Rules for Admiralty or Maritime Claims
28 and Asset Forfeiture Actions of the Federal Rules of Civil Procedure (paragraphs

1 omitted). Only one of the grounds for interlocutory sale is required since Supplemental
2 Rule G(7)(b) is disjunctive. *See Shelter Cove Marina, Ltd. v. M/Y ISABELLA*, No. 3:17-cv-
3 01578-GPC-BLM, 2017 WL 5906673, 2 (S.D. Cal. Nov. 30, 2017) (explaining that
4 another Supplemental Rule for interlocutory sale with similar language is disjunctive);
5 *Cal. Yacht Marina-Chula Vista, LLC v. S/V OPILY*, No. 14-cv-1215-BAS-BGS, 2015 WL
6 1197540, 2 (S.D. Cal. Mar. 16, 2015) (same).

7 Three of the four reasons for the interlocutory sale apply in this case regarding the
8 property: the property will deteriorate while the criminal prosecution and forfeiture
9 processes are completed; the storage costs continue to increase; and other good cause, the
10 value of the vehicle depreciates over time, and the sooner the vehicle is sold, more net sale
11 proceeds will exist. Supplemental Rule G(7)(b); Fed. R. Crim. P. 32.2(b)(7); see *United States*
12 *v. One Parcel of Real Prop. Described as Lot 41, Berryhill Farm Estates*, 128 F.3d 1386, 1389–90
13 (10th Cir.1997) (explaining the district court orders an interlocutory sale when the property
14 is deteriorating and decaying).

15 “A sale must be made by a United States agency that has authority to sell the
16 property, by the agency’s contractor, or by any person the court designates.” Supplemental
17 Rule G(7)(b)(ii). In this case, the USMS will sell the property as “governed by 28 U.S.C. §§
18 2001, 2002, and 2004, unless all parties, with the court’s approval, agree to the sale, aspects
19 of the sale, or different procedures.” Supplemental Rule G(7)(b)(iii).

20 Without the Interlocutory order of sale, the property cannot be sold until the court
21 enters the Final Order of Forfeiture. Fed. R. Crim. P. 32.2(b)(4) and 21 U.S.C. § 853(h). If
22 the government waits for the Final Order of Forfeiture, the value of the vehicle will have
23 depreciated even further and the storage costs and maintenance costs will continue to
24 accrue.

25 In *United States v. Guzman*, No. 3:08-CR-23-2, 2013 WL 12228400 (M.D. Tenn. Oct.
26 7, 2013), the district court found and held:

27 The Government has presented evidence suggesting that the value of the [property]
28 continues to decrease with time and, as of last month, was approximately \$16,500.00
less than the amount the Government had paid for storage and maintenance up to that

1 point. Thus, the Court finds that the expense of keeping the [property] is both
2 excessive and disproportionate to its fair market value. Given the apparent continued
3 depreciation in value and rising cost of maintaining the [property], the Court finds an
interlocutory sale is the best way to preserve its remaining value.

4 Id. at 2 (brackets added); *United States v. Haley*, No. 11-CR-0540-WDQ, 2011 WL
5 6202787, 1 (D. Md. Dec. 8, 2011) (explaining “that the Government’s desire to avoid
6 storage costs (particularly with respect to the twenty-two automobiles and the tractor
7 trailers) and the risk of depreciation in value (particularly of the computers and other
8 electronic items) constitute “good cause” for the interlocutory sale of the personal property
9 ...[,]” and the real property to avoid liability for accidents and to “avoid falling in arrears
10 on the payment of applicable property taxes.”).

11 In this case, the value of the 2018 Honda will continue to depreciate and the
12 maintenance and storage costs will continue to rise and dilute the equity.

13 “The sale proceeds are substitute res subject to forfeiture in place of the property
14 that was sold[, and] the United States must maintain them in an interest-bearing account.”
15 Supplemental Rule G(7)(b)(iv); *United States v. King*, No. 10 CR. 122 (JGK), 2010 WL
16 4739791, 4 (S.D.N.Y. Nov. 12, 2010).

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1 **III. CONCLUSION**

2 Based on the foregoing reasons, the Court should order the interlocutory sale of the
3 2018 Honda Accord LX held in the name of King Isaac Umoren, VIN
4 1HGCV1F12JA012572.

5 Dated: January 2, 2020.

6 Respectfully submitted,

7 NICHOLAS A. TRUTANICH
8 United States Attorney

9 /s/ Daniel D. Hollingsworth
10 DANIEL D. HOLLINGSWORTH
11 Assistant United States Attorney

12 IT IS SO ORDERED:

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15 HONORABLE ANDREW P. GORDON
16 UNITED STATES DISTRICT JUDGE

17 DATED: March 2, 2020